

CHAPTER 43-02-11
**CERTIFICATION OF HORIZONTAL WELLS, HORIZONTAL REENTRY WELLS,
SHALLOW GAS WELLS, AND TWO-YEAR INACTIVE WELLS**

Section

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43-02-11-01. Definitions. The terms used throughout this chapter have the same meaning as in chapter 43-02-03 and North Dakota Century Code chapter 38-08 except horizontal reentry well, horizontal well, new well, shallow gas, shallow gas zone, and two-year inactive well shall be as defined under North Dakota Century Code chapter 57-51.1.

History: Effective July 1, 1996; amended effective July 1, 2002; May 1, 2004.

General Authority: NDCC 38-08-04

Law Implemented: NDCC 38-08-04, 57-51-01, 57-51.1-03

43-02-11-02. Application to certify as qualifying a horizontal well, horizontal reentry well, or two-year inactive well. Any operator desiring to certify a horizontal, horizontal reentry, or two-year inactive well as a "qualifying well" for purposes of eligibility for the tax incentive provided in North Dakota Century Code chapter 57-51.1 shall submit to the director an application for certification of a qualifying well. The operator has the burden of establishing entitlement to certification and shall submit all data necessary to enable the commission to determine whether a well is a qualifying well and is entitled to the tax reduction and tax exemption provided in North Dakota Century Code sections 57-51.1-02 and 57-51.1-03 respectively.

History: Effective July 1, 1996; amended effective September 1, 2000; July 1, 2002.

General Authority: NDCC 38-08-04

Law Implemented: NDCC 38-08-04, 57-51.1-03

43-02-11-02.1. Application to certify as a shallow gas well. Any operator desiring to certify a shallow gas well for purposes of eligibility for the tax incentive provided in North Dakota Century Code chapter 57-51 shall submit to

the director an application for certification of the well. The operator has the burden of establishing entitlement to certification and shall submit all data necessary to enable the commission to determine whether the well qualifies and is entitled to the tax exemption provided in North Dakota Century Code section 57-51-02.4.

History: Effective May 1, 2004.

General Authority: NDCC 38-08-04

Law Implemented: NDCC 38-08-04, 57-51-01

43-02-11-03. Application for a tax exemption and reduction for a new well. Repealed effective July 1, 2002.

43-02-11-04. Application for tax exemption and reduction for a horizontal well. The application must include the following:

1. The name and address of the applicant and the name and address of the person operating the well, if different.
2. The name and number of the well, and the legal description of the surface location of the well for which a determination is requested.
3. The date the well was spudded, its completion date, and the volume of oil produced prior to completion, if any.
4. The length of the horizontal leg of the well bore within the productive formation and its inclination.
5. An affidavit stating that all working interest owners of the property and all purchasers of the crude oil produced from the well have been notified of the application by certified or registered mail.

Test oil produced from a horizontal well prior to completion is exempted from the extraction tax. If the application does not contain sufficient information to make a determination, the director may require the applicant to submit additional information.

History: Effective July 1, 1996.

General Authority: NDCC 38-08-04

Law Implemented: NDCC 38-08-04, 57-51.1-03

43-02-11-05. Application for tax exemption and reduction for a horizontal reentry well. The application must include the following:

1. The name and address of the applicant and the name and address of the person operating the well, if different.
2. The name and number of the well, and the legal description of the surface location of the well for which a determination is requested.

3. The dates the well was initially spudded and completed as a vertical well, the dates the well was reentered and recompleted as a horizontal well, the total volume of test oil recovered prior to recompletion, and, if applicable, the date the well was initially plugged and abandoned as a dry hole.
4. The length of the horizontal leg of the well bore within the productive formation, and its inclination.
5. The total volume of test oil recovered prior to completion.
6. An affidavit stating that all working interest owners of the property and all purchasers of the crude oil produced from the well have been notified of the application by certified or registered mail.

Test oil produced from a horizontal reentry well is exempt from the extraction tax. If the application does not contain sufficient information to make a determination, the director may require the applicant to submit additional information.

History: Effective July 1, 1996.

General Authority: NDCC 38-08-04

Law Implemented: NDCC 38-08-04, 57-51.1-03

43-02-11-06. Application for tax exemption and reduction for a two-year inactive well. The application must include the following:

1. The name and address of the applicant and the name and address of the person operating the well, if different.
2. The name and number of the well and the legal description of the location of the well for which a determination is requested.
3. Monthly production during the two years prior to date of application.
4. An affidavit stating that all working interest owners of the property and all purchasers of the crude oil produced from the property have been notified of the application by certified or registered mail.

Test oil produced from a two-year inactive well prior to recompletion is exempted from the extraction tax. If the application does not contain sufficient information to make a determination, the director may require the applicant to submit additional information.

History: Effective July 1, 1996; amended effective September 1, 2000.

General Authority: NDCC 38-08-04

Law Implemented: NDCC 38-08-04, 57-51.1-03

43-02-11-07. Books and records to be kept to substantiate reports. Any operator desiring to certify a new, horizontal, horizontal reentry, or two-year inactive

well shall make and keep appropriate books and records for a period of not less than six years, covering their operations in North Dakota from which they may be able to make and substantiate the reports required by this chapter.

History: Effective September 1, 2000.

General Authority: NDCC 38-08-04

Law Implemented: NDCC 38-08-04, 57-51.1-03

43-02-11-08. Application for tax exemption for a shallow gas well. The application must include the following:

1. The name and address of the applicant and the name and address of the person operating the well if different.
2. The name and number of the well and the legal description of the surface location of the well for which a determination is requested.
3. The date the well was spudded and its completion date.
4. The name and the depth to the bottom of the productive strata or formation.
5. An affidavit stating that all working interest owners of the property and all purchasers of the gas produced from the well have been notified of the application by certified or registered mail.

If the application does not contain sufficient information to make a determination, the director may require the applicant to submit additional information.

History: Effective May 1, 2004.

General Authority: NDCC 38-08-04

Law Implemented: NDCC 38-08-04, 57-51.1-03